

Fiscal Note

Fiscal Services Division



HF 773 – Psychiatric Medical Institution for Children Cover (LSB 1568HV)
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Fiscal Note Version – New

Description

House File 773 would require private health insurance plans that are subject to Iowa Insurance laws to treat a Psychiatric Medical Institute for Children (PMIC) admission the same as an acute inpatient hospitalization if a child meets the Medicaid criteria for a PMIC admission.

Assumptions

- Private insurers would likely only cover the first 30 days of a PMIC stay.
- It is estimated that there are 1,019 PMIC admissions annually and 382 (37.5%) would be covered by private insurance for the first 30 days.
- Medicaid pays an average per diem rate for PMICs of \$157.83.
- The State share of the Federal Medical Assistance Percentage (FMAP) is 30.36% for FY 2010 and 33.62% for FY 2011. This includes the federal FMAP adjustment from the American Recovery and Reinvestment Act of 2009.
- Wellmark estimates that shifting coverage from Medicaid to private insurance could increase premiums for State employees by 0.01% to 0.20%. This will result in an annual increase of \$30,000 to \$600,000, with a midpoint of \$315,000.
- The average private insurance rate for PMICs per bed day is \$275.

Fiscal Impact

The fiscal impact of House File 773 is an estimated net decrease in General Fund expenditures of \$234,000 in FY 2010 and \$293,000 in FY 2011. This reflects the estimated decrease in State expenditures for Medicaid offset by the anticipated increase in insurance premiums for State employees.

The estimated statewide impact to the health insurance plans regulated by the State is an increased cost of \$3.2 million for FY 2010 and FY 2011, based on an estimated 11,460 additional paid bed days multiplied by the average private insurance rate for PMIC's per bed day (\$275).

Sources

Department of Human Services
Wellmark Blue Cross and Blue Shield of Iowa
Orchard Place, Des Moines

/s/ Holly M. Lyons

March 24, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56, Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
